

IOWA RACING AND GAMING COMMISSION
MINUTES
NOVEMBER 13, 2008

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, November 13, 2008 at Stoney Creek Inn in Johnston, Iowa. Commission members present were Greg Seyfer, Chair; Diane Hamilton, Vice Chair, and members Kate Cutler, Paul Hayes and Toni Urban.

Chair Seyfer called the meeting to order at 8:30 AM, and requested a motion regarding the agenda. Commissioner Urban moved to approve the agenda as submitted. Commissioner Cutler seconded the motion, which carried unanimously.

Chair Seyfer thanked Director John Quinn and the Division of Criminal Investigation for the tour of their training facility on Wednesday afternoon.

Chair Seyfer, noting a draft of the minutes had been sent out, inquired if there were any changes or corrections. Hearing none, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the minutes as submitted. Commissioner Hayes seconded the motion, which carried unanimously.

Chair Seyfer moved to Announcements. Mr. Ketterer, addressing the Public Comment section of the agenda, stated the Commission expects a number of individuals will want to comment on Prairie Meadow Racetrack & Casino's (PMR&C's) race dates. The horsemen groups will have ten minutes each for their comments. Additional comments will be received following those comments, with the individuals having 2-3 minutes for their comments. Mr. Ketterer requested that the horsemen groups have someone summarize their comments; therefore, limiting the need for individuals to make comments and hopefully prevent repetitive comments.

Mr. Ketterer provided the following information concerning future Commission meetings:

- December – No Meeting
- January 15, 2009 – Stoney Creek Inn, Johnston, IA (Submissions due by December 31, 2008)
- February – No Meeting
- March 5, 2009 – Terrible's Lakeside Casino, Osceola, IA (Submissions due by February 19, 2009)
- April 16, 2009 – Wild Rose Clinton, Clinton, IA (Submissions due by April 2, 2009)

Chair Seyfer moved to the selection of the candidate for the study to identify underserved gaming markets in Iowa. He indicated the Commission received four proposals, which were reviewed by all Commission members. The RFP committee made a recommendation to the full Commission that two studies be performed. The Commission selected The Innovation Group and GVA Marquette Advisors to perform the studies, which will provide valuable information to the Commission in deciding how to move forward on the question of additional licenses.

Chair Seyfer read the following criteria, which is set forth in the contract with the two companies:

Conduct a study on the casino markets in the State of Iowa. The study will focus on identifying underserved and currently served, but underperforming markets. The study will include the counties of Webster, Wapello, Franklin, Lyon and Tama, whether or not they are deemed to be underserved markets, as these counties have expressed interest in a casino having passed referenda approving casino gambling. The study shall include, but not be limited to the following:

- Projected admission and adjusted gross revenue of:
 - Potential casinos in Wapello, Webster, Franklin, Lyon and Tama counties
 - Potential casinos in other markets identified as under served or under performing locations
- Distinguish among markets that will support a minimum capital investment of \$50M; \$75M and \$100+M
- Projected impact on existing licensees of a \$50M; \$75M and \$100+M facility, subscribing to the theory that the more amenities in addition to the casino, the more attractive the facility will be to a broader geographic market
- Projected impact of multiple new licenses on existing licenses
- Projected percentage of out of state patronage in identified markets and whether or not the casino will be beneficial to tourism
- An economic forecast for Iowa casinos for the next 3 years – include admissions and revenues
- Provide personal income and discretionary income in identified markets – compare to other markets in Iowa and cite the effect on admissions and revenue
- Projected impact on tourism and creation of new economic development

Commissioner Hamilton moved to approve the selection of The Innovation Group and GVA Marquette to perform the analysis of the gaming markets in Iowa. Commissioner Cutler seconded the motion.

Mr. Ketterer stated that even though all of the companies are from out-of-state, all of the firms have experience with the hospitality and gaming markets in Iowa. He indicated the proposals selected were the two lowest bids.

Hearing no further discussion concerning the selection of the firms to perform the market analysis, Chair Seyfer called for the vote. The motion carried unanimously. (See Order No. 08-124)

Chair Seyfer moved to the contract approval portion of the agenda, and called on Argosy Casino. Kees Eder, General Manager, presented the following contracts for Commission approval:

- Amcon – Tobacco & Vending Products
- Pegler Sysco – Food Products for the Restaurant
- Janitor Depot – Janitorial/Housekeeping Supplies

Hearing no discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by Argosy. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-125)

Chair Seyfer called on Diamond Jo Dubuque. Todd Moyer, General Manager, presented the following contracts for Commission approval:

- American Trust & Savings Bank – Branding of ATM Machines for a Fee Equal to 3% of Surcharge Fees
- BFI Waste Services d/b/a Allied Waste Services – Garbage and Recycling Services
- Global Payments Gaming Services, Inc. – Check Guarantee Services
- Global Payments Gaming Services, Inc. – Cash Advance Services
- International Gaming Technology (IGT) – Purchase of Table Tracking System and Related Maintenance Agreement
- Ulton Processing Services, Inc. – ATM Services

There was a brief discussion regarding the contract with American Trust & Savings Bank for the rebranding of the ATM machines. The machines were formerly through US Bank, which did not charge US Bank customers a service fee. With the rebranding, all users of the ATM machines will pay a service fee.

Hearing no further discussion, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by Diamond Jo Dubuque. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-126)

Chair Seyfer called on Diamond Jo Worth (DJW). Kim Pang, General Manager, presented the following contracts for Commission approval:

- Global Payments Gaming Services, Inc. – Check Guarantee Services
- Global Payments Gaming Services, Inc. – Cash Advance Services

Hearing no discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by DJW. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-127)

Chair Seyfer called on Riverside Casino and Golf Resort (RCGR). Dan Kehl, CEO, presented the following contracts for Commission approval:

- D&K Products – Golf Course Grounds Supplies
- On a Stick Productions, Inc. f/s/o Jeff Dunham – Event Center Entertainment
- King Food Service – Food Purchases

Chair Seyfer asked about the golf course. Mr. Kehl advised that the course is planted and growing. They hope to have the full golf course open by mid-May.

Hearing no further discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by RCGR. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-128)

Chair Seyfer called on Ameristar Casino. Jane Bell, Director of Government Affairs, presented the following contracts for Commission approval:

- Host Coffee – Coffee Products
- New Horizon Kids Quest – Child Care Service
- Pottawattamie County Treasurer – Property/Gaming Tax
- Vital Signs Unlimited, Inc. – Marquee/Building Lighting

Hearing no discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by Ameristar. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-129)

Chair Seyfer called on Lakeside Casino (Lakeside). Craig Travers, Sr. Vice President of Midwest Casinos for Herbst Gaming, presented the following contracts for Commission approval:

- Alliant Energy – Gas & Electric Service
- Aristocrat – Slot Leases/Hardware; Software Maintenance Agreements/Parts/Supplies
- Bally Gaming – Slot Leases/Parts/Supplies
- Citadel Broadcasting Company – Radio Advertising
- Clarke County Development – Contributions for Terrible's Lakeside Community Fund

- ColorFx – Marketing Services
- Core-Mark International – Purchase for Resale @ C-Store – Candy, Food, Tobacco & Supplies
- Crawford Law Firm – Legal Services
- The Des Moines Register – Marketing Services – Advertising
- Golden Eagle Distributing – Purchase of Beer for Resale @ Casino & C-Store
- Guardian Life – Life and Dental Insurance
- Holmes Murphy – Property/Casualty/ Liability & Workers Comp Insurance
- International Gaming Technology (IGT) – Lease of Slot Machines/Parts/Supplies
- Iowa Megajackpots – Lease of Slot Machines
- Konami Gaming – Lease of Slot Machines/Parts/Supplies
- Loffredo Fresh Produce, Inc. – Purchase of Fresh Produce for Kitchen
- Loomis Company – Third-Party Administrator for Self-Funded Health Insurance
- Martin Brothers – Purchase Food and Supplies for Kitchen
- McKinley, Inc. – Purchase Resale Items for Gift Shop/Uniforms/Promotions Items
- Metro Fish – Purchase Food for Kitchen
- Global Payment Check Services – Patron Check Processing Guarantee Service
- Osceola Municipal Services – Water & Sewer Service
- Pepsi – Beverages for Patrons/Employees & Resale
- Performance Food Group/TPC – Purchase Food for Kitchen
- Principal Financial Group – 401K Plan
- Reinhart Food Services – Food & Supplies for Kitchen
- Roberts Dairy – Food & Supplies for Kitchen – Dairy Product
- Shuffle Master – Lease Games & Table Supplies
- Spurrier Oil Co., Inc. – Fuel Purchase for C-Store
- WMS Gaming – Lease of Slot Machines/Parts/Supplies

Commissioner Hayes asked Mr. Travers about the contract with Loomis Company, and whether any Iowa companies had been considered. Mr. Travers explained that Loomis Company serves as the third party administrator for all of the Herbst operations, or approximately 9,000 employees. Commissioner Hayes advised that the Commission would like to see an Iowa company considered.

Hearing no further discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Hayes moved to approve the contracts as submitted by Lakeside. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-130)

Chair Seyfer called on Wild Rose Clinton (WRC). Tim Bollman, General Manager, presented the following contracts for Commission approval:

- Signify Promotions/A Sigler Company – Purchase of Casino Wearables, Gifts, and Promotional Items, etc.
- Clinton County Community Development Association – Payment of 4% of Wild Rose Clinton LLC Net Gaming Earnings per Tax Returns
- ASCAP – Purchase of License to Perform Non-Dramatic Renditions of Musical Compositions in ASCAP Directory
- Dynamic Communications (DirecTV) – Purchase of DirecTV Commercial Viewing Service

Hearing no discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by WRC. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-131)

Chair Seyfer called on Iowa West Racing Association d/b/a Horseshoe Casino and Bluffs Run Greyhound Park (IWRA/HSC and BRGP) regarding the season approvals for the 2009 race meet. Jeannie Magdefrau, Vice President of Finance, was available to answer any questions the Commission might have.

Hearing no discussion concerning the season approval submission, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the season approvals as submitted by IWRAHSC and BRGP with the contingency that BRGP staff continues to submit simulcast schedule requests for approval by IRGC staff to insure compliance with all regulatory requirements. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-132)

Mr. Ketterer advised that the Totalizator Board replacement matter would be deferred until the January Commission meeting.

Ms. Magdefrau presented a contract with Schindler Elevator Co. for maintenance of the elevators.

Hearing no discussion concerning the contract, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contract as submitted by HSC/BRGP. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-133)

Chair Seyfer called on Dubuque Greyhound Park & Casino (DGP&C). Jesus Aviles, General Manager, stated there were 12 contracts before the Commission today related to the renovation of the facility.

Mr. Aviles stated that except for the banquet areas and the offices, the facility has not been updated since it opened in 1984. He indicated that the decline in pari-mutuel wagering, the age of the original structure, underutilization of the existing square footage and guest desires for additional amenities are the driving forces behind the renovation

project. Mr. Aviles noted the property is divided into two distinct areas –pari-mutuel and gaming. The casino area is 39,000 square feet, but there is 120,000 square feet of space. DGP&C is trying to utilize all of the available space. Renovation will occur in six phases: leveling of the grandstand and clubhouse floors, the casino and pari-mutuel areas, the steakhouse, buffet and kitchen, the rotunda and the casino and entertainment areas. DGP&C hopes to have all of the areas completed by March 31st, and open to the public on April 2, 2009. Mr. Aviles stated that the renovations will allow DGP&C to be more competitive in the market area. Mr. Aviles stated that a full presentation will be made to the Commission in the future.

Mr. Aviles presented the following contracts for Commission approval:

- A&G Electric – Electrical Work for Casino Renovation
- Ainsworth Game Technology – Purchase of Slot Machines & Equipment
- Commercial Flooring – Carpet Installation for Casino Renovation
- Epic Construction – General Construction for Casino Renovations
- Giese Companies – HVAC Work for Casino Renovation
- Johnson Controls – HVAC Controls for Casino Renovation
- Kochan & Company – Full Service Advertising Agency
- MMC Mechanical Contractors – Plumbing for Casino Renovation
- Martin Brothers Distributing – Food Items and Supplies
- RSM McGladrey – Computer Software and Consulting Services
- Tai Ping Carpets – Carpet for Casino & Pari-Mutuel Renovations
- Turpin Dodge – Purchase of Cars for Promotion Giveaway

Commissioner Hayes asked about the contract with Kochan & Company for advertising, and whether any Iowa companies had been considered. Mr. Aviles stated that DGP&C has utilized a local agency for many years, but felt there was a need to step up the marketing of the facility. He stated that Kochan is just a broker for these services and will receive a retainer of \$144,000. The balance of the funds will go to Iowa firms for media spots. Mr. Aviles stated DGP&C sent out an RFP to four local firms and one out-of-state firm.

Hearing no further discussion concerning the renovation project or the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the renovation project at DGP&C and the contracts as submitted. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-134)

Chair Seyfer moved to the renewal of the racetrack license, granting of race dates and racetrack enclosure gambling license for PMR&C. Gary Palmer, General Manager, stated that PMR&C has a payroll of \$55 million, employs between 1,400 and 1,500 depending on the season, paid \$47 million in state gaming taxes, paid \$38 million in community betterment grants, which includes the lease payments to Polk County, and purchased \$40 million in goods and services from Iowa vendors.

Purse amounts for 2007 and 2008 were \$18.8 million and 19.2 million respectively. For 2009, purses are expected to be \$20.9 million. The division between the breeds will remain the same as for 2008.

Mr. Palmer stated that PMR&C held a flood relief concert and raised \$300,000, which was matched by Polk County, for a total of \$600,000. This was the first year for the Iowa Classic Parade. Mr. Palmer stated that PMR&C successfully solicited corporate sponsorships. PMR&C was surprised by the interest and participation. Mr. Palmer indicated the event will more than likely continue. Mr. Palmer discussed some of the community grants awarded by PMR&C, and listed some of the community awards received by PMR&C.

Mr. Palmer concluded his remarks by thanking the Commission for having granted PMR&C the privilege of having a racing and racetrack enclosure license in the past and requested support for the current license renewal application before the Commission. He turned the floor over to Derron Heldt, Director of Racing.

Mr. Heldt advised that PMR&C submitted a revised racing calendar which set forth the following for the 2009 race meet:

- 50 racing days for the thoroughbreds commencing on April 24th and ending July 18th with 9 races per day, which would provide 450 racing opportunities plus ten additional opportunities throughout the meet. The start date is one week later than this year and will go two weeks longer.
- 32 racing days for the mixed meet commencing on July 27th and ending September 19th with 5 races per day for each breed, which would provide a minimum of 160 racing opportunities for the quarter horses and 620 for the thoroughbreds. This meet will commence one week after the thoroughbred only meet ends. The number of racing days is down from 43.
- 16 racing days for the standardbreds commencing on September 28th and ending October 24th with 10 races per day for 160 racing opportunities. The number of racing days is down from 20 for the 2008 meet.

Mr. Heldt advised that the above schedule represents a decrease of eight racing days from the 2008 schedule, decreasing the number of racing opportunities for all breeds by approximately 10%.

Mr. Heldt stated that PMR&C is looking at 2009 as a transition year. He indicated the racing committee has held meetings with all three breeds, and has another meeting scheduled for the following day. Mr. Heldt expressed his opinion that there will be additional changes going forward. He stated that he feels the racing committee should look at the number of racing days, number of races and the breeds that race at PMR&C.

Commissioner Urban asked if a representative of the PMR&C racing committee was present. There were a few representatives present. Commissioner Urban asked if there were any horsemen on the racing committee. Mr. Palmer advised there are two.

Mr. Palmer stated there have been inquiries about PMR&C removing the \$1 million for the county fair races from the standardbreds. He advised that the funds are reflected in the budget.

Commissioner Hayes asked if there was a member of the racing committee that would like to address the issues of the racing program at PMR&C and the committee's timetable for providing a report to the full PMR&C Board of Directors.

Tom Whitney, a member of the Board of Directors and the racing committee, advised that the committee is looking at providing some long range recommendations to the full Board, but does not anticipate doing so until late spring/early summer of 2009. The committee is looking at hiring a consultant to assist the committee with preparing the report. Mr. Whitney advised that the committee consists of four people, two of which have been involved with racing. He indicated that one of the members, Jack Bishop, would be leaving PMR&C's Board after having served two consecutive terms.

Commissioner Urban stated it was her understanding that the committee would make a presentation to the full Board of Directors, who would then have the responsibility of determining which recommendations from the racing committee should be adopted.

Mr. Whitney stated the goal is to determine what horse racing should look like at PMR&C; to look at long term solutions rather than responding as situations arise in order to provide more stability. He indicated there are many difficult questions to be answered and many different viewpoints.

Commissioner Urban asked if the racing committee was looking at the racing surface. Mr. Whitney indicated they were not, but that did not mean they wouldn't at some point in the future. He noted that Board members and PMR&C racing staff have traveled to various tracks around the country to gather information about the various synthetic track surfaces.

Commissioner Hamilton asked how many PMR&C Board members were present. She indicated that she has been on the Commission for approximately ten years, and noted that there have been discussions throughout that time period about the amenities the Commission would like to see at PMR&C. She referred to a recent article at www.iowabizonline entitled Iowa's Casinos: More than Gaming, which made reference to the numerous amenities available at the new Catfish Bend Casino/Pzazz Entertainment complex in Burlington. The article noted that casinos with additional amenities perform better than those without additional amenities.

Jack Bishop, Chair of the PMR&C Board of Directors, stated there are 15 members on the Board. There is a committee chaired by Gerry Neugent that is looking at hiring a consultant to study the possibility of a hotel at PMR&C. Mr. Bishop noted PMR&C's difficulty in obtaining financing due to the required referendum every eight years, stating that any potential lenders would require the funds to be repaid in their entirety prior to the next gaming referendum. He indicated PMR&C has a small amount left to repay on the \$60 million loan for the Event Center prior to the 2010 referendum.

Commissioner Hamilton stated that the Commission has heard the statements concerning financing before.

Mr. Bishop advised that another option for PMR&C would be to use Polk County's credit if the County would give approval. Commissioner Hamilton stated the Commission takes this issue seriously, but no action has been taken by PMR&C. Mr. Bishop indicated he was not aware of any hotel feasibility study being done previously. Commissioner Hamilton requested that a Board representative be present at the January meeting. Mr. Bishop advised there would be a new chairman of the Board by the January meeting.

Commissioner Hayes noted that Mr. Whitney had referenced a long-range look at race dates, and inquired as to his interpretation of "long-range look". Mr. Whitney stated the racing committee will be making recommendations for the next 10 years to help determine what PMR&C will look like at the end of that time. He noted that some recommendations have already been phased in; activities are leading toward a new racing program.

Chair Seyfer noted that Mr. Ketterer had provided minutes from previous meetings indicating the racing committee would be making recommendations to the full Board, and now the Commission is hearing that no recommendations will be made until 2009. Mr. Whitney stated that he wasn't on the Board a year ago; and that the racing committee was established as a direct result of questions posed by Mr. Ketterer as to the direction of racing at PMR&C. He apologized if the Commission felt they had been misled previously.

Commissioner Cutler expressed concern about the turnover on the Board, and asked what assurances the Commission and horsemen would have that the ten year plan would be followed. Mr. Whitney stated that the Commission has the ability to hold PMR&C accountable. Chair Seyfer stated that was what the Commission was trying to do. He asked what steps have been taken in the six months since the racing committee was established. Commissioner Cutler noted that the Commission has not been very successful in holding PMR&C accountable in the past.

Mr. Whitney stated that racing committee members have been visiting other racinos to study various aspects of their programs. The committee expects to file a report with the full Board in late spring/early summer. He stated the Board is a volunteer board, which is somewhat of a handicap.

Commissioner Cutler asked Mr. Whitney if it would be helpful if the Commission set a date for the completion of the report. Mr. Whitney answered in the negative. He stated that he personally did not have any objections, and promised that the work would be done. Commissioner Cutler requested an update in May.

Mr. Whitney stated that he felt the race track surface should be part of the committee's discussions as it would be a very expensive venture, and impact all of the breeds that race on the surface. With that lead in, Commissioner Hamilton asked about the severity of injuries and catastrophic injuries for the live race meet that just ended.

Mr. Heldt advised that there was one more catastrophic injury this year than last, for a total of 13. Mr. Ketterer stated that in reviewing the statistics from 2000 forward, the last three years have been the worst three years collectively. He indicated the situation deserved PMR&C's full attention. Mr. Ketterer noted that the Horsemen's Benevolent and Protective Association (HBPA) had performed a survey of non-catastrophic injuries and provided a copy of the report to PMR&C.

Mr. Ketterer stated his belief that the committee's focus should be long-range as breeders need to be looking 3-4 years in advance when making business decisions. He reminded Mr. Whitney that the committee needs to be mindful of interaction with PMR&C racing staff when they make their recommendations so PMR&C staff will know what to submit for the 2010 season. Mr. Ketterer stated that some of the consternation this year was caused by the hesitancy of staff to move forward because of the study. Mr. Whitney stated that the committee was working under the assumption that their recommendations were for 2010 and beyond.

At this time, Mr. Palmer presented PMR&C's update on the racetrack surface, and read the Executive Summary contained in the report. Mr. Ketterer advised that the Commission is not trying to mandate an artificial surface, but is concerned about having a safer surface for 2009 than the last three years. He noted there are a number of artificial surfaces on the market, and the facilities that have installed the surfaces are still trying to discern the best grading, weather, etc for each surface.

Commissioner Cutler moved to the underage gambling violations over the past year and asked if procedures were in place to help reduce the number of violations. Mr. Palmer stated that the majority of the problem occurs at the front door. He stated PMR&C is going to make the front entrance more of a funnel in order to minimize the amount of intrusiveness to the guests. Commissioner Cutler asked if additional personnel would be stationed there as well. Mr. Palmer answered in the negative, indicating the changes will allow security personnel to "touch" everyone coming through the entrance. They hope to be able to avoid a bottleneck in the area, causing the patrons to have a wait to gain entrance to the Club House area.

Commissioner Hayes asked if the process would create a bottleneck for those patrons trying to exit the property. Mr. Palmer answered in the negative.

Commissioner Urban asked if PMR&C has seen any effects from the economy. Mr. Palmer stated that the Iowa Gaming Association had met the previous evening, and everyone feels something is going to happen, particularly as they watch the Midwest region – Minnesota, Kansas City, and Chicago have all been hit hard, as have Las Vegas and Atlantic City. He noted that PMR&C is having one of their best years ever, but are being very cautious and proactive in their judgments and thought processes regarding expenses. Mr. Palmer expressed his belief that Iowa will start to see some effects of the economic crisis.

Chair Seyfer called for any additional questions. Commissioner Cutler asked the reasoning behind reducing the number of racing dates. Mr. Palmer stated that PMR&C has looked at the number of race days and tried to trim down the expenses while creating the best race program. He indicated he has never heard anyone say that they don't want horse racing at PMR&C. Mr. Palmer stated that PMR&C wants to have the best program possible. He stated PMR&C is cutting expenses everywhere, which requires them to be proactive. They are attempting to get the same number of racing opportunities for all of the breeds within the same time.

Commissioner Cutler asked Mr. Palmer if he knew how much money was being saved by the proposed reductions. Mr. Palmer stated that at one time PMR&C estimated it cost between \$35,000 and \$50,000 for each day of racing.

Commissioner Hamilton asked how many opportunities each of the breeds have to race. Mr. Heldt stated that the racing calendar contained in the license renewal application shows approximately 10% less opportunities for all of the breeds. For the thoroughbred only meet, there will be 450 opportunities plus an additional ten during the first meet and the mixed meet will have 32 days of racing with five races each day for both the thoroughbreds and the quarter horses, or 160 racing opportunities. During the 2008 racing season, the quarter horses had 180 racing opportunities.

Commissioner Hayes asked if the average purse amount would increase due to the reduction in racing days. Mr. Heldt indicated the average purse would increase; however, on the thoroughbred side, it is hard to provide a figure as it depends on what is done for purses during the second meet. He indicated there is an additional \$2,500 pool for the thoroughbreds but it is divided between the first and second meet. He stated the parties have not gotten to those details yet.

Following a short break, Chair Seyfer stated that Mr. Heldt was going to clarify a few points for the Commission. Mr. Heldt advised that the percentage of the purses remains the same as last year: 81.37% for the thoroughbreds; 14.35% for the quarter horses; and 4.28% for standardbreds.

Mr. Ketterer confirmed that there are no purse agreements with the horsemen's groups. Mr. Heldt answered in the affirmative. He indicated the purse addendums were mailed out the previous week, but none have been returned at this time.

Commissioner Hamilton asked if the purse money was at \$20.1 million. Mr. Heldt stated the purse amount for 2009 is projected to be \$20,149,079 at the 11% rate.

Chair Seyfer moved to the comments from the horsemen's associations, and called on the Iowa Horsemen's Benevolent Protection Association (IHPBA). Gary Lucas, speaking on behalf of Leroy Gessman, indicated the Commission should have a submission the IHPBA made relative to race days for the 2009 race meet. He indicated the two parties had held meetings and the IHPBA was under the impression that their proposed plan might be implemented. Mr. Lucas expressed interest in PMR&C's description of the 2009 race meet as a "transition" year, noting that it feels like PMR&C is cutting the race meet again. He stated that the thoroughbreds have gone from 679 races last year to 610 races for 2009, which is a substantial cut and will have a negative impact on the industry and the State of Iowa overall. Mr. Lucas also believes it will impact PMR&C's ability to attract horsemen to participate in the race meet. He indicated discussions had been held about holding individual meets for the individual breeds, and believes there are a number of reasons why this would be a positive step for PMR&C, not the least of which would be dealing with the track surface during the mixed meet for the quarter horses which require a different track surface than the thoroughbreds. Mr. Lucas stated the thoroughbreds are subjected to more injuries during the mixed meet. Mr. Lucas pointed out that the IHPBA's proposal would fit well with other tracks around the Midwest, providing additional racing opportunities prior to and after leaving PMR&C, allowing the horsemen the ability to make business plans.

Mr. Lucas noted that PMR&C referenced expenses and the money that could be saved by shortening the meet. He stated there was a statistical survey completed recently by Dr. Thalheimer of what happens during racing and the corresponding handle at PMR&C. The study showed that racing at PMR&C helps generate considerable handle for the casino itself. Mr. Lucas stated that the expenses referenced by PMR&C are not necessarily those that are not offset by other revenue at PMR&C.

Commissioner Hamilton asked if the track surface would be better for the thoroughbreds and quarter horses if PMR&C changed to a different mix. Mr. Lucas stated that PMR&C rolls the track for the quarter horses and changes the crown. The track becomes flatter for the quarter horses as opposed to more of a crowned track for the thoroughbreds. He indicated the mix of the track is not as safe a mix for thoroughbreds as the Kansas track; but stated he could not speak to the fact as to whether that mix was safe for quarter horses or not. Commissioner Hamilton asked if PMR&C then reworks the track for the thoroughbred races. Mr. Lucas answered in the affirmative, noting that the maintenance of the surface becomes more difficult. The IHPBA doesn't want to do anything to increase injuries to the horses or jockeys.

Hearing no further questions for Mr. Lucas, Chair Seyfer called on the Iowa Thoroughbred Breeders and Owners Association (ITBOA). Sandra Rasmussen stated that she has been a horse owner and breeder since shortly after PMR&C opened. She stated that she is very disappointed by all of the fighting, and is not sure why it occurs.

She noted that the report by Dr. Thalheimer, consigned by all of the horsemen, does show that PMR&C has some income that doesn't ever seem to be reflected, which is in addition to the normal monthly income when the horsemen are not running. Ms. Rasmussen stated that the pari-mutuel law was passed so that Iowa could have another agricultural product. She noted that it takes four years to know what kind of horse you have from the day you breed it; and the horse may or may not make it to the racetrack. Ms. Rasmussen indicated the lack of consistent dates makes it very hard to make business decisions. She noted that the horse industry is dependent on the hay, corn, and other products produced in Iowa. The horse industry is present in 98 of Iowa's 99 counties. Ms. Rasmussen stated the thoroughbreds need more race days and performances. She expressed her desire to find a way to make that happen.

Chair Seyfer called on the Iowa Quarter Horse Racing Association. John Vernon commenced his comments by referring to minutes from the May 12, 2008 PMR&C Board of Directors' meeting, which referenced an economic study done in 1999 by Dan Otto. Mr. Vernon read the following quote from those minutes: "Mr. Neugent noted the legislature mandates purses and days, and a study is merited to find out the most efficient and profitable way to operate. We also need a committee that looks at the best interests of PMR&C and the horsemen and work together toward those efficiencies."

Mr. Vernon then provided the following quote from Jack Bishop, Chair of the Board of Directors: "This is the first go-round for many board members, and the most efficient way is to drop 60 days of racing, but this would kill the breeding program." Mr. Vernon stated that PMR&C's racing proposal for 2009 would kill the breeding program. He noted that Iowa Code Chapter 99D states that PMR&C is to have a horse racing operation. PMR&C's first proposal was for the quarter horses to have a 20-day separate meet from the thoroughbreds. That meet would have been held over a 5-week period for a total of 160 racing opportunities. On Monday of this week, the IQHRA was presented with a new proposal – still 160 racing opportunities from July 27 through September 19, 2009 with races held four days per week (Monday, Tuesday, Friday, and Saturday) with five races per day. The meet would span 32 days. Mr. Vernon posed the question: What does a 32-day, 8-week race meet do for the quarter horses in Iowa? His answer: Slow death.

Mr. Vernon noted that the quarter horses had the following opportunities in previous race meets:

- 2008 - 180 racing opportunities, plus 25 trials, or 205 racing opportunities;
- 2007 - 188 racing opportunities;
- 2006 – 207 racing opportunities;
- 2005 – 208 racing opportunities, and
- 2004 – 213 racing opportunities.

Mr. Vernon stated that Mr. Heldt indicated the reduction in racing opportunities was approximately 10% for each breed. He noted that if 44 race days are cut to 32, that is

more like a 30% cut. Mr. Vernon stated there are two keys for quarter horse racing – the number of racing opportunities and the time frame. Under PMR&C's 2009 proposal, the time frame would be 8 weeks. In 2008, the meet was 11 weeks long plus some trials. Mr. Vernon then posed the question as to what difference the number of weeks makes in the meet. He noted that the longer season allows the horse to have more racing opportunities. The quarter horses usually have two weeks between races, especially for younger horses. During 2008, there were 57 two-year old quarter horses than ran in 2 or more futurities. PMR&C had 23 stakes races plus 15 trials during the 2008 meet. Mr. Vernon emphasized there was no way that number could be held under the 2009 racing proposal with only 32 days of racing over 8 weeks. He again called PMR&C's 2009 racing proposal a slow death for quarter horses.

Mr. Vernon questioned whether quarter horse owners would put horses in training for 60-90 days at about \$40 per day in order to run 3 stakes races. He doesn't think so. Many IQHRA members believe that there won't be as many Iowa-breds, and breeders will opt not to make the investment with only a 32-day meet. It takes three years from the breeding day until the first year that a horse can race. Mr. Vernon noted that the Iowa statute provides incentives to Iowa foaled horses. He wondered what that means to PMR&C? The lack of good horses and top trainers equals the lack of revenue and the loss of handle. Mr. Vernon noted that Commissioner Hayes raised a pertinent question about purses. PMR&C has approximately the same amount of money for 2009 as 2008, with less races, it would follow that the purses should be higher; however, less races means less winners which does not enhance the Iowa breeding program. Mr. Vernon stated the Iowa breeding program is enhanced by, and what the IQHRA believes PMR&C should be concerned about, the larger handle, which comes with full race cards. In 2008, the average field size for quarter horse races was just over eight horses. With a five-horse field, it is impossible to have the exotic bets. If the racing window is reduced from 11 weeks to 8 weeks, and 160 racing opportunities, there will be a further reduction in the number of quarter horses stabled at PMR&C.

Mr. Vernon stated that the IQHRA requests the same opportunities and the same number of days as 2008. He noted that Mr. Heldt indicated there were 43 days in the second meet. He stated that was correct, but the quarter horses were able to run 44. Mr. Vernon requested 44 days, the same number of racing opportunities (205 with the trials), and a three-year contract for purses. Mr. Vernon pointed out that the IQHRA signed a three-year contract last year, which allows for planning, stability, and shows commitment on PMR&C's part. He noted that other tracks are already advertising their stakes races and dates.

Mr. Vernon stated that some quarter horse owners have stated that reducing the window of opportunities to 160 over 8 weeks will allow PMR&C to have proof in a few short years that the quarter horse meet at PMR&C is dying and should be eliminated – a self-fulfilling projection. He noted that PMR&C has told the IQHRA that patrons don't show up after Labor Day – the handle is low, attendance is low. However, in the proposal before the Commission, PMR&C wants the quarter horses to run 7 days after Labor Day

or approximately one-quarter of the quarter horse meet. He indicated this was also part of the slow death plan.

Mr. Vernon turned the floor over to Butch Hammer, President of the IQHRA. Mr. Hammer addressed Commissioner Urban's comments concerning artificial surfaces by noting that on September 20th of this year the IQHA, the national body, sponsored a race at Turfway. This was the first quarter horse race on an artificial surface, and it went off without any hitches. Mr. Hammer stated that the American Quarter Horse Association is conducting considerable research with the University of California-Davis to determine what affect the artificial surfaces would have on quarter horse racing.

Mr. Hammer turned the floor over to Butch Bain, the horsemen's representative on the PMR&C Board and Vice President of the IQHRA. Mr. Bain addressed the questions concerning the track conditions between the quarter horse and thoroughbred races. He stated that a roller was used on the inside of the track for the quarter horse races as the inside of the track became deeper during the thoroughbred races, which created an uneven course for the quarter horses to race on. He noted that thoroughbreds never raced on the course after it was rolled as the track surface was reworked the next day for the thoroughbreds. Mr. Bain stated that the IQHRA suggested and asked last year if the quarter horses could run before the thoroughbreds which would have prevented the necessity of having to roll the track for changes in its condition.

Hearing no questions for Mr. Bain, Chair Seyfer called on the Iowa Harness Horsemen's Association (IHHA). Royal Roland, President of the IHHA, expressed the organization's concerns about the constant conflict and uncertainty in the negotiations between the horsemen and PMR&C. He noted that the IHHA entered into a three-year agreement with PMR&C that established 18 days of racing, set purses at 4.2% of the purse pool and included \$1 million for county fair racing. As the Commission is not allowed to approve agreements regarding purses unless they are jointly submitted, the agreements reached by the IQHRA and IHHA could not be approved as the ITBOA did not reach an agreement with PMR&C. Mr. Roland stated that the IHHA was given some assurances by PMR&C management that although the agreement was not approved by the Commission, it was their intent to go forward with the terms of the agreement over the next three years.

Mr. Roland noted that in the racing season just completed, the IHHA did receive \$1 million for the county fair races, there were 18 days of racing at PMR&C, and the purses were as agreed. In September 2008, the IHHA was notified by PMR&C management that the 2009 live race meet submission would show 14 days of harness racing. When the IHHA asked about the funding for the county fairs, they were informed that PMR&C management had made that recommendation to the Board of Directors, but there could be no assurance of the funds until the Board ratifies the budget, which should occur later this month. Mr. Roland stated that over the last two months, the IHHA has been dealing with the uncertainty of what the funding would be for the 2009 county fairs, and race dates. He stated that the position of the IHHA is that they made an agreement with PMR&C that called for 18 racing days, and would like to see them comply.

Commissioner Cutler voiced her understanding that the IHHA was happy with the schedule from 2008. Mr. Roland indicated they were happy with the 18 racing days.

Hearing no further questions for Mr. Roland, Chair Seyfer called on Roger West. Mr. West, managing partner for Crown Racing Stables, LLC, stated the business started in 2004 when they had one two-year old in training. He noted they have had their ups and downs in the racing business, but wanted to pass along the perspective of a small stable on the proposed racing dates. Mr. West stated that by shortening the racing dates, PMR&C has created a situation that makes it almost impossible for the small stables to stay in business as they are unable to compete against the stables that can bring 40-50 horses to the meet. For the smaller stables with one or two horses, should one happen to become ill or get injured, the horse could end up missing the entire meet, and the stable would have no way of recouping the investment. Mr. West stated that if a small stable was interested in growing the racing business and improving the quality of Iowa-breds, it is necessary to have a season that is long enough to allow them to compete against everyone else. A longer season would provide a more level playing field for the smaller stables.

Chair Seyfer called on Berle Priebe, a former senator, who stated that he was one of the authors of the pari-mutuel bill. The pari-mutuel bill was viewed as a new industry for Iowa, and the number of people that it would affect. Mr. Priebe stated that he can feel everyone's frustration, but was happy to hear Mr. Whitney and the Commission agree that something needs to be done. He suggested that the number of racing days be put into the Code so that the issue does not have to be looked at on a yearly basis.

Mr. Priebe addressed the shortness of the race meet. Using an estimate of 800 families with two children that work within the horse industry, Mr. Priebe stated that schools, teachers, bus drivers, superintendents, etc. would be affected by any decline in the racing industry. He reiterated that the horse industry is big business in Iowa and that something needs to be done. He believes that putting the number of racing days in the Code, as was done with the purses, will solve the issue. Mr. Priebe knows there are individuals who will say that Iowa-bred horses can't compete with Kentucky, but he feels they can compete if they are provided sufficient time; however, if the meet is shortened and the purses bigger, all that will happen is that out-of-state owners will come to PMR&C and collect the big purses. He agreed that would be the end of the Iowa breeders. Mr. Priebe expressed his belief in the Iowa-bred program. He reiterated his proposal that the number of race days should be included in the Iowa Code so that everyone knows what is going to occur.

Commissioner Urban noted the mixed meet calls for five races each for the quarter horses and thoroughbreds. She asked if there were sufficient horses available to increase the number of races to six, which would increase the number of racing opportunities but not the number of days. Mr. Heldt clarified that she was talking about the quarter horses. Commissioner Urban answered in the affirmative. Mr. Heldt stated that in 2008,

PMR&C used a 6-4 format (thoroughbred-quarter horse), noting that the quarter horses fulfilled their obligation for 4 races a day. He noted a fifth race was run on some days in September, but feels six would be a stretch. Mr. Heldt stated that he was comfortable with the 5-5 split, noting that this format would also affect the stall allocations.

Mr. Ketterer stated that the horsemen should take into consideration that 2009 will be a transition year for PMR&C, that PRM&C has good intentions, and that it is up to the Commission to hold them to their intentions as far as a long-term plan for the racing program in order to obtain the needed stability. With respect to some of what PMR&C has done in changing the original submission to the most recent submission, Mr. Ketterer noted the following:

- PMR&C tried ten races per day for the thoroughbred meet in 2006 and had the lowest field size ever, and
- Tried a 5-5 mix in the mixed meet, shortened from 45 to 36 days, in 2006, and had the highest field sizes in the last 5 years.

Mr. Ketterer stated that the patrons at PMR&C, as well as the simulcasting fans, have a right to expect PMR&C to try and put forth the largest field size to increase revenue and make their signal more attractive. He believes those goals have to be weighed against the number of opportunities that are presented. Mr. Ketterer noted there are opportunities during the first week, which is one week later. In the past, there was less than a week between the end of the meet at Oaklawn Park and the start of PMR&C's meet. A large number of horses come to PMR&C from Oaklawn Park; if they leave early, the trainers are subject to being penalized in their stall allocations for the next year making them reluctant to leave early. Some of the Iowa horses are sent south for training; if they are not, they are able to train about a month prior to PMR&C opening. Mr. Ketterer noted that it is pretty hard to get a horse ready to race in 30 days. He stated that PMR&C has addressed these issues by starting their meet a week later.

Mr. Ketterer noted that the quarter horse representatives talked about running early in the program, having the racetrack tailor made as they don't like what the thoroughbreds are doing, and they want to run their trials early. Originally PMR&C proposed separate meets for the thoroughbreds and quarter horses, but the IQHRA was not happy with that proposal because they could not support a meet of their own.

Mr. Ketterer pointed out that the three groups talked about promoting the breeding program, which is one of the hallmarks of the program as noted by Senator Priebe. He encouraged the groups to interact and be flexible in their dealings with the horse committee at PMR&C on what they want, pointing out that there is no requirement in the Code that PMR&C must have any breed at the track. If all of the breeds think they need more than what PMR&C can financially support, PMR&C could elect to only promote one breed and allot all of the race days to that breed. Mr. Ketterer stated that instead of finding themselves without as many days as they need, it is possible the horsemen's groups could find themselves with none. Mr. Ketterer expressed his belief that the bill,

when it was proposed, was not meant to offer year-round racing; that this would not be the only place to race. He noted there are other tracks, and while it might be costly to ship a horse, the industry has been shipping horses to various tracks for years. Mr. Ketterer stated there are very few areas where owners/trainers can stay in one spot, race for part of the year, and support an operation.

Mr. Ketterer stated that his words were not ones that anyone wanted to hear and will not endear him to the horsemen, but were spoken in the spirit of encouraging the horsemen to cooperate with PMR&C as they try to put together a long-term plan to determine what can work for everyone.

Commissioner Cutler, noting that she is not a horse person, stated that after listening to all of the speakers today, and in previous years, the program looks a little different every year. She suggested that PMR&C stick with the same number of opportunities and days as in 2008 to allow everyone to get through the transition year and provide time for the racing committee to come back to PMR&C management with specific recommendations. Commissioner Cutler expressed her opinion that the current proposal is so uncertain that it does not seem fair to any of the horsemen's groups. She noted there are numbers being tossed around and conclusions being drawn with no way to determine if they are accurate or true. Commissioner Cutler stated that she believes PMR&C should keep the 2008 schedule rather than the Commission try to sift through the realities of the proposal submitted by PMR&C.

Commissioner Hamilton asked how much difference there is between the proposed 2009 season and 2008 season. Commissioner Cutler stated the 2009 season has 8 less days, or 679 versus 608 racing opportunities. She requested clarification.

Mr. Lucas stated that in 2008, the thoroughbreds had 679 racing opportunities, which has been reduced to 620 for 2009. Commissioner Hamilton asked how that translated into race days. Mr. Lucas indicated that was a difficult question to answer due to the variation in the number of race days and the length of time. He stated that the number of racing opportunities is extremely important to the thoroughbreds.

Commissioner Hamilton asked the same question for the quarter horses. Mr. Vernon stated the quarter horses ran 44 days in 2008, and 32 days are proposed for 2009. He noted there were 180 racing opportunities plus 25 trials for a total of 205 racing opportunities in 2008. For 2009, PMR&C's current proposal calls for 160 racing opportunities. Commissioner Hayes asked if trials would still be held. Mr. Vernon answered in the affirmative. Mr. Vernon noted the racing window has decreased from 11 weeks to 8 weeks, which affects the number of days between racing opportunities. A longer span between races is better for the horses.

Commissioner Hamilton then inquired about the standardbreds. Mr. Roland advised that PMR&C's proposal calls for 16 racing days, 10 races per day for a total of 160 racing

opportunities. They had 180 racing opportunities in 2008. The difference in the time frame is one week or slightly less.

Commissioner Hamilton stated that she concurred with Commissioner Cutler in maintaining the 2008 racing schedule for 2009.

Chair Seyfer stated that he was not sure where that would put everyone on a calendar. He noted that the Commission currently has a calendar with the 2009 dates and if the Commission starts putting in new dates, everything would change. He asked for input from Mr. Ketterer.

Mr. Ketterer, noting the Commission members would need some time to do that, suggested a recess in the event the Commission wants to develop a race calendar including the requisite number of days to determine how the races would fit into that calendar.

Commissioner Cutler asked when PMR&C needed to have the actual calendar. Mr. Ketterer indicated today; as the license renewal had been postponed from the October meeting.

Mr. Vernon stated that the IQHRA was willing to accept the same calendar as last year (July 11 – September 20) with a variation of 1-2 days.

Commissioner Hayes stated it was his understanding the shorter meet affects the smaller stables more than the larger stables. Mr. Vernon stated the shorter meet affects even the larger stables as it does not provide enough rest time between races, especially for the younger horses. The stables would not be able to enter the horses in as many regular or stakes races.

Commissioner Cutler asked if it was possible for the Commission to look at the calendar from last year and adjust for the dates if they so desire. Commissioner Hamilton asked if the race calendar for 2008 was available. Mr. Ketterer indicated that it was not, but felt it could be determined with assistance from PMR&C.

Mr. Hammer stated that the longer meet is important for the younger quarter horses as it provides more racing opportunities. Last year the schedule allowed for trials, finals, trials, and finals. An Iowa owner could run three sets of futurities with two horses. PMR&C held six basic futurities in 2008, which were scheduled throughout the meet. He stated that a 2-year old in any of the western breeds is considered the money year. Mr. Hammer reiterated that the window of opportunities is what counts for the quarter horses.

Commissioner Hayes asked how the proposed schedule fits in for horses racing at PMR&C being able to go to other tracks. Mr. Hammer stated that Remington Park ends the first week in June, and Woodlands is no longer in existence. From PMR&C, the horses can go to Lone Star in Texas and Evangeline Downs in Louisiana. Horses come

from Remington and Will Rogers after those respective meets are over. Mr. Hammer noted that many Iowa people train at the Will Rogers facility so that they are ready to run when they return to Iowa.

Commissioner Urban asked Mr. Heldt if he agreed with the amended racing calendar. Mr. Heldt stated that each of the breeds is losing 10% of their racing opportunities; PMR&C was trying to be consistent in the reduction of racing opportunities.

Commissioner Urban stated that she would like to make a motion. Chair Seyfer called for any further discussion or comments.

Commissioner Cutler stated that the issue is really about money, and does not feel there is a clear benchmark or statistical information available as to how much it costs PMR&C to hold the same number of races as in 2008. In her opinion, there have been a lot of years and a lot of opportunities to try and clarify the issue, and now PMR&C has established the racing committee. She expressed her hope that the committee would come to some conclusions sooner rather than later. Mr. Heldt asked Commissioner Cutler if she was talking about how much it costs to run a day. Commissioner Cutler stated that she thought she heard him state that the reason the meet had been shortened was due to economic reasons. Mr. Heldt stated that with the economic times the way they are, PMR&C ran 90 days of racing between the thoroughbred and mixed meet last year. The meet was shortened in an attempt to show some savings to the Board to whom he reports. He stated that Mr. Palmer had indicated that it cost approximately \$35,000 - \$45,000 a day to put on the meet. Mr. Heldt noted that in the fall of 2005 when PMR&C was unable to put a racing plan together, Mr. Ketterer's plan was put into effect. He felt the dollar amounts used at that time reflected similar numbers.

Chair Seyfer stated that PMR&C has submitted a calendar; understands that staff has worked through the calendar, and that some compromise has been involved in reaching this point.

Mr. Ketterer stated that PMR&C was looking at three separate meets and submitted the racing calendar in front of the Commission as a compromise.

Mr. Lucas noted that if PMR&C goes back to last year's calendar, or something similar, the thoroughbreds ran six races per day during the mixed meet. He stated that the six races were extremely important on the thoroughbred side; indicating that five racing opportunities made it almost impossible for anyone to make a business decision as to whether to stay at PMR&C. Mr. Lucas strongly recommended the thoroughbreds continue to have the ability to have six races per day during the mixed meet, which would be the same type of calendar as 2008.

Commissioner Cutler clarified that her understanding of Mr. Lucas' comments was that the thoroughbred desire the same number of days and racing opportunities during the mixed meet as they had in 2008. Mr. Lucas answered in the affirmative.

Commissioner Urban moved that the Commission vote on the amended racing calendar as submitted by PMR&C and received in their meeting packets. Commissioner Hayes seconded the motion. Chair Seyfer noted that he presumed the motion and second included the numerous staff recommendations. He asked if those needed to be read into the record. Mr. Ketterer proceeded to read the conditions into the record as follows:

- The import and export contracts should continue to have the review and approval by staff to insure regulatory compliance. Numerous errors in calculations of tote reports have been caught this year by our staff. Review of procedures and accounting safeguards should be performed by Prairie Meadows simulcast department going forward.
- All marketing promotions that may affect live racing, particularly the racing schedule and post times, shall have prior approval from the Iowa Racing & Gaming Commission. These promotions should be submitted for approval prior to the live racing season and shall provide details surrounding the promotion/event.
- Full payment to Gaming Laboratories International to provide Totalisator testing and certification in compliance of IRGC rule 8.2(1).
- An audit that covers the entire racing season as well as a yearly overall operations audit as provided by Iowa Code 99D.20.
- Prairie Meadows shall provide the Commission annually, at time of license renewal, a thorough update on the Master Development Plan, which includes a parking solution and hotel options.
- Also to be included are updates to the Commission on a continuous basis synthetic surface research as well as plans for addressing the current racing surface to best provide for the safety of horse and jockey.
- Provide updates on a regular basis that address security measures which have been implemented in order to alleviate the problems of minors gaining access to the gaming floor areas. (See attached rulings.)

Commissioner Hamilton stated that she does not want to just hear about issues during the license renewal, and requested reports at each meeting. Commissioner Hayes concurred with the request.

Hearing no further discussion concerning the renewal of the pari-mutuel license for PMR&C, Chair Seyfer called for the vote. The motion carried on a 3-2 vote, Commissioners Cutler and Hamilton voting nay. (See Order No. 08-135)

Chair Seyfer moved to the renewal of the racetrack enclosure gambling license for 2009 and any contracts contained within the submission from PMR&C.

Mr. Palmer also submitted the following additional contracts for Commission approval:

- Ainsworth Game Technology, Inc. – Purchase of Slot Games

- Belin, Lamson, McCormick, Zumbach, Flynn – Corporate Legal Counsel
- Business Publications Corp. – Newspaper Advertising and Subscription
- Des Moines Trane Parts Center – Heating, Ventilation and Air Conditioning Parts & Service
- Iowa Des Moines Supply – Equipment, Paper Goods and Maintenance Supplies
- Iowa Speedway – Three-year Sponsorship Agreement
- Metro Waste Authority – Waste Disposal
- U.S. Playing Card Company – Purchase of Playing Cards
- Waste Management – Waste Disposal Services

Hearing no discussion concerning the racetrack enclosure license renewal application or the contracts, Chair Seyfer requested a motion. Commissioner Hayes moved to approve the renewal of PMR&C's racetrack enclosure license for 2009, the contracts contained within the submission and the additional contracts as submitted. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-136)

Chair Seyfer moved to the Hearings portion of the agenda. Mr. Ketterer advised that all of the hearings have been resolved through Stipulated Agreements.

Mr. Ketterer stated that the first Stipulated Agreement before the Commission involves an incident at Argosy Casino - Sioux City (Argosy). He provided the following summary: On August 5th, it was discovered that two individuals, who had completed the state-wide self-exclusion form at Argosy, had not been uploaded into the IGA internet database. Upon that finding, Argosy conducted a further internal audit and discovered six additional patrons who had not been uploaded into the IGA internet database. Two of the six patrons received promotional materials 100 days after completing the self-exclusion forms. Mr. Ketterer advised that this incident is a violation of the previously established standards that have been agreed to by the licensees. The administrative penalty is to be determined by the Commission.

Commissioner Cutler asked if this was Argosy's first violation of the established standards. Mr. Ketterer answered in the affirmative. Commissioner Cutler recommended a \$3,000 fine, and moved to approve the Stipulated Agreement as submitted. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-137)

Mr. Ketterer moved to the next Stipulated Agreement with Wild Rose Emmetsburg (WRE). Mr. Ketterer provided the following summary: On October 8th, an individual, who had previously enrolled in the voluntary statewide self-exclusion program, entered WRE, proceeded to the Player's Club window and was issued a new Player's Club Card. The individual proceeded to play several slot machines prior to exiting the casino. This incident violates the self-exclusion standards which prohibit re-enrolling a self-excluded patron in the Player's Club. The administrative penalty is to be determined by the Commission.

Commissioner Cutler clarified that this was the first violation of the standards by WRE. Mr. Ketterer answered in the affirmative. Commissioner Cutler moved to approve the Stipulated Agreement as submitted with an administrative penalty of \$3,000. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-138)

Mr. Ketterer moved to the final Stipulated Agreement before the Commission with Ameristar Casino. He advised that the situation set forth in this agreement is different than what has come before the Commission previously. Mr. Ketterer provided the following summary: A patron informed Ameristar Security on September 19th that the doors at the Post 6 entrance were unlocked and no security officer was posted. At 11:17 AM, Security investigated and found the entrance to be unsecured and immediately secured it. A review of surveillance tapes indicated that the entrance had been unsecured since 11:00 PM the previous evening, or about 12 hours. Further investigation revealed 71 patrons had passed through the entrance during those 12 hours. Fifty-five appeared to enter the gaming floor unchallenged. Mr. Ketterer stated that during the last 18 months, there were two additional instances where this post was left unsecured (May 26 and June 4) for approximately 1½ hours respectively. During the time this post was left unsecured, it would have been possible for underage patrons or intoxicated patrons to enter the gaming floor and gamble in violation of Iowa Code 99F.95 and Administrative Rules. Additionally, patrons could have carried alcohol or firearms into the facility in violation of Iowa laws and Administrative Rules; however, it is unknown if either situation occurred. Mr. Ketterer advised that IRGC staff felt this situation should be brought before the Commission for their review. The administrative penalty, not to exceed \$20,000 will be determined by the Commission.

Mr. Ketterer advised that representatives from Ameristar were present to address this matter. Jane Bell, Director of Government and Community Affairs, advised the Commission that Ameristar takes securing the gaming floor very seriously. She introduced Chris Hamblin, Director of Security, who advised the Commission as to what measures have been taken to prevent this situation from occurring in the future.

Mr. Hamblin advised that the recent situation occurred as the deadbolt on the door was not secured properly. The first patron to gain entrance did so after using some force to push the doors open; however, upon getting the doors open, the surveillance tapes show the individual looking down and realizing that the doors had been dead bolted. She proceeds into the casino, and does not contact anyone in Security to advise that the doors were unlocked. Mr. Hamblin stated there is a deadbolt that goes from one door into the actual steel frame, and once that is secure the doors become almost impossible to open. The security officer failed to secure the deadbolt. Mr. Hamblin stated that security policies at the time stated that the security officer was responsible for locking the door, but did not provide specific instructions as to the necessary procedure. Since this incident, Mr. Hamblin stated this entrance has been permanently closed, and the doors have been secured with a chain and padlock. The entrance will remain closed for the duration of 2008, and may not be reopened until May 2009. An alarm system has been

installed with a point of contact in the surveillance system that will sound immediately upon any type of contact. Security will investigate the alarm immediately. Mr. Hamblin advised that the security procedures for securing the doors have been changed to set forth the necessary process in detail.

Commissioner Urban expressed concern about the entrance being chained and closed, particularly in an emergency. Mr. Hamblin advised that due to the manner in which the boat was designed, the entrance is not an emergency egress exit. He stated that Ameristar has contacted the State Fire Marshal's Office and the local fire department. Additionally, due to the river level, there are 12-16 egress stairs that are modifiable with the river level that have been removed. Mr. Hamblin indicated this particular entrance was never considered an emergency entrance. It was designed for the benefit of their premier patrons that utilize the parking lot.

Commissioner Hayes asked if there was another type of door that could be installed at the location. Mr. Hamblin stated that is one of the things Ameristar will be looking at, and is another reason the entrance is closed until April/May 2009. He is confident that the alarm system will prevent future situations at this entrance.

Hearing no further questions or comments, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the Stipulated Agreement as submitted, and recommended a fine of \$3,000. She requested an update when the entrance is changed permanently. Ms. Bell indicated Ameristar would keep the Commission apprised of any changes. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-139)

Chair Seyfer moved to Administrative Business. Hearing none, he requested a motion to adjourn. Commissioner Cutler so moved. Commissioner Hayes seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK